

Message Text

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PAGE 01 OTTAWA 08068 062153Z
ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-01 INR-07
L-03 NSAE-00 PA-01 PRS-01 SP-02 SS-15 AID-05
COME-00 EB-08 FRB-03 TRSE-00 XMB-02 OPIC-03
LAB-04 SIL-01 OMB-01 NSCE-00 SSO-00 USIE-00
INRE-00 SSC-01 /076 W
-----119550 062157Z /64

O 062146Z SEP 77
FM AMEMBASSY OTTAWA
TO SECSTATE WASHDC IMMEDIATE 4670
INFO AMEMBASSY BRUSSELS
AMEMBASSY PARIS
AMCONSUL MONTREAL
ALL CONSULATES IN CANADA BY POUCH

C O N F I D E N T I A L OTTAWA 08068

EMBASSY ALSO FOR USOECD

E.O. 11652: GDS
TAGS: PGOV, PINT, CA
SUBJECT: FINANCE MINISTER MAC DONALD RESIGNS

1. DONALD MAC DONALD, CANADA'S FINANCE MINISTER FOR THE PAST TWO YEARS, ANNOUNCED SEPTEMBER 6 THAT HE IS RESIGNING HIS PORTFOLIO AND WILL NOT RUN IN THE NEXT FEDERAL ELECTION. HIS RESIGNATION FROM THE CABINET WILL BE EFFECTIVE UPON THE APPOINTMENT OF HIS SUCCESSOR, PROBABLY WITHIN 10 DAYS. MAC DONALD STRESSED THAT HIS RESIGNATION WAS FOR "PERSONAL AND FAMILY" REASONS AND NOT FOR ANY POLICY DIFFERENCE.

2. COMMENT: MAC DONALD'S RESIGNATION COMES AS NO SURPRISE AS IT HAS BEEN KNOWN FOR SOME MONTHS THAT HE WAS ANXIOUS TO RETIRE FROM POLITICS FOR PERSONAL REASONS--PARTLY FAMILY AND PARTLY FINANCIAL. HE INDICATED THAT

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HE NOW HAS NO ARRANGEMENTS FOR A POSITION IN PRIVATE INDUSTRY, BUT WE EXPECT THAT HE WILL HAVE NO DIFFICULTY IN SECURING ONE SHORTLY.

3. HIS ANNOUNCEMENT COMES AT A TIME WHEN TRUDEAU GOVERNMENT GENERALLY AND MAC DONALD PARTICULARLY HAVE BEEN UNDER SHARP ATTACK FROM VARIOUS QUARTERS FOR THE

CURRENT WEAK STATE OF THE ECONOMY. ABOUT EIGHT PERCENT OF THE CANADIAN WORK FORCE IS UNEMPLOYED, THE HIGHEST LEVEL IN THE POST-WAR PERIOD; INFLATION IS CURRENTLY RUNNING CLOSE TO EIGHT PERCENT; THE AVERAGE GROWTH RATE FOR 1977 MAY BE AS LOW AS TWO PERCENT; AND THE PROSPECTS FOR NEXT YEAR ARE NOT MUCH BETTER. WHEN PARLIAMENT RECONVENES NEXT MONTH, THE GOVERNMENT WILL BE UNDER GREAT PRESSURE FROM THE OPPOSITION TO TAKE STEPS TO RELIEVE THE UNEMPLOYMENT PROBLEM AND TO ACCELERATE GROWTH, BUT WE DOUBT TRUDEAU AND MAC DONALD'S SUCCESSOR WILL BE INCLINED TO INTRODUCE ANY SIGNIFICANT CHANGES IN ECONOMIC POLICY, AT LEAST NOT UNTIL SHORTLY BEFORE NEXT FEDERAL ELECTIONS, PROBABLY IN LATE SPRING OF 1978.

4. AT THIS STAGE, THERE IS NO CLEAR INDICATION WHO MAC DONALD'S SUCCESSOR WILL BE. WHEN ONE CONSIDERS THE PEOPLE WHOSE NAMES HAVE BEEN BRUITED ABOUT MOST FREQUENTLY FOR THIS POSITION--JEAN CHRETIEN (INDUSTRY, TRADE, AND COMMERCE), MARC LALONDE (HEALTH AND WELFARE), ALLAN MAC EACHEN (PRESIDENT OF PRIVY COUNCIL), AND OTTO LANG (TRANSPORT)--ONE IS STRUCK BY POVERTY OF TALENT IN CURRENT TRUDEAU CABINET. TRUDEAU, THEREFORE, MAY USE THIS OPPORTUNITY TO APPOINT ONE OR TWO PEOPLE FROM OUTSIDE PARLIAMENT, SUCH AS JOHN EVANS, HEAD OF TORONTO UNIVERSITY, NOT TO FINANCE PORTFOLIO, BUT TO OTHER

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CABINET POSITIONS TO STRENGTHEN HIS GOVERNMENT. DUEMLING

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Message Attributes

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